
CHARGEBACK SYSTEM OVERVIEW

1935 PA 220, MCL 400.201 - 400.216 (MCI or Neglect Statute) and 1974 PA 150, MCL 803.301 - 803.309 (Youth Rehabilitation Services Act or Delinquency Statute), establish methods of state and county participation in the cost of providing out-of-home care and in-home care. Both acts require the state and county to share in this cost. Payments are made from MiSACWIS and the county is charged for their portion of the costs through the chargeback report. Act 296 wards are not included in this chargeback process.

The Social Welfare Act, MCL 400.1 - 400.122, provides authority for county and state participation in the cost of children under the jurisdiction of the family division of the circuit court.

This chargeback process applies to only children in out-of-home care whom are also placed with the Michigan Department of Health and Human Services (MDHHS). Payments for all MDHHS youth, regardless of fund source, in out-of-home placements are made from MiSACWIS. The chargeback (CK) report generates from MiSACWIS to detail the county share in the cost of the child's care.

Note: If MDHHS makes a claim for title IV-E reimbursement for eligible foster care costs, MDHHS pays for care and does not charge the county for any of the remaining portion of costs.

METHOD OF BILLING/ REIMBURSEMENT

The chargeback unit receives information from MiSACWIS regarding MDHHS payments for the out-of-home care for both county and state wards placed with MDHHS. On a monthly basis, the CK report is available in MiSACWIS to the local offices, tribes, circuit courts, family divisions, and the county treasurers regarding the amount of county reimbursement due to the department. The CK report details the child specific information regarding the charges.

ADJUSTMENTS TO CK REPORTS

If, upon receipt and review of the CK report, the local office or the tribe/court believes the report contains inappropriate charges, the following actions must be taken:

**CK Report Review
Actions**

1. The tribe/court will confirm the charges are correct. Any questions regarding the charges should be discussed with the local MDHHS office.
2. If the tribe/court still does not agree with a charge, a request for review is made within MiSACWIS.
3. The Federal Compliance Division (FCD) will be investigating all requests for review made in MiSACWIS.
4. If FCD agrees with the tribe/county, the charge will be adjusted within MiSACWIS.
5. If FCD does not agree with the tribe/county, an MDHHS-5584, Notice of Adjustment Denial will be sent to the tribe/court and the local office.

**Notice of
Adjustment Denial**

Under MCL 400.43a et seq. and MCL 400.117a et seq., if the requested adjustment is not completed, the Notice of Adjustment Denial, MDHHS-5584, will be sent to the tribe/court. This notice will provide case specific information and the tribe/court's opportunity to request an administrative hearing.

**Administrative
Hearing Request**

The tribe/court must submit a request by completing a MDHHS-5729, Payment/Adjustment Denial Hearing Request, within 90 calendar days from the date of the MDHHS-5584 to contest the payment adjustment. The MDHHS-5729 must be sent to MDHHS-federalcompliance@michigan.gov.

If no MDHHS-5729 is submitted within 90 calendar days of the MDHHS-5584 issuance, the payment is established as owed by the tribe/county.

Upon receipt of a MDHHS-5729, FCD will complete a DHS-3050, Hearing Summary. The DHS-3050 will include all relevant exhibits supporting the department's actions in the case. FCD must file with Michigan Office of Administrative Hearings and Rules (MOAHR) the DHS-3050, the Request for Hearing, and any documents attached

by the tribe/court within 10 business days of FCD's receipt of the MDHHS-5729.

Informal Pre-Hearing Conference

Issues stated in the MDHHS-5729 should be resolved whenever possible through an informal conference with the tribe/court. This conference (either in person or by phone) must be scheduled within 30 calendar days after FCD receives the MDHHS-5729 unless either of the following occur:

- The tribe/court chooses not to participate in the informal conference.
- A conference was held prior to the receipt of the MDHHS-5729, the issue in dispute is clear, and MDHHS staff fully understands the positions of the tribe/court.

All appropriate staff should be consulted before the informal conference and should attend, as necessary.

Settlement Conference

Either party may request a settlement conference where negotiation and settlement, including waiver, may occur as provided in MCL 24.278(2).

Settlement

If a tentative settlement is reached through a settlement conference, a proposed settlement agreement will be submitted for approval by the Children's Services Agency (CSA) executive director. If approved, the proposed settlement agreement will be submitted to the MDHHS Settlement Committee, which will review and either accept or reject the agreement.

If accepted, the agreement will be provided to the administrative law judge (ALJ). The ALJ will then forward an Order Transmitting Settlement Agreement to the department director for review and issuance of a Final Decision and Order Accepting the Settlement Agreement.

**Administrative
Hearing**

If no settlement conference is requested or a settlement agreement is rejected, the matter will proceed to hearing. The parties are not prohibited from continuing to engage in additional settlement discussions prior to the date of hearing.

After the conclusion of the hearing, the ALJ will issue a final decision and order.

**Reconsideration/
Rehearing**

Following receipt of the ALJ's final decision and order, either party may seek a reconsideration or rehearing of the final order. A reconsideration may be granted by MOAHR under Mich Admin Code R 792.10135. A rehearing may be granted as provided in MCL 24.287.

Judicial Review

Either party may appeal a final decision and order to the Ingham County Circuit Court under MCL 400.117h.

LEGAL BASE

Michigan Children's Institute, MCL 400.201 - 400.216.

Youth Rehabilitation Service Act, MCL 803.301 - 803.309.

The Social Welfare Act, MCL 400.1 et seq.

Administrative Procedures Act (APA), MCL 24.271 et seq.

POLICY CONTACT

Questions about this policy item may be directed to MDHHS-federalcompliance@mdhhs.state.mi.us.